

Aug. 10, 2012 Letter - Att. 7 (pt. 2)

***Universal Service
Administrative Company
High Cost Support
Mechanism***

*Independent Accountants' Report on Compliance
Relating to High Cost Support Received by Coral
Wireless LLC d/b/a Mobi PCS (HC-2008-126) for the
Year Ended June 30, 2008*

Aug. 10, 2012 Letter - Att. 7 (pt. 2)

INDEPENDENT ACCOUNTANTS' REPORT

Universal Service Administrative Company
Federal Communications Commission

We were engaged to examine the compliance of Coral Wireless LLC d/b/a Mobi PCS (Beneficiary), relative to Study Area Code No. 629002, with 47 C.F.R. Part 54, Subparts C and D of the Federal Communications Commission's ("FCC") Rules and related Orders governing Universal Service Support for the High Cost Program ("HCP") relative to disbursements of \$14,971,972 for telecommunication services made from the Universal Service Fund during the year ended June 30, 2008. Management of the Beneficiary is responsible for the Beneficiary's compliance with those requirements.

As discussed in Finding HC2008BE126 F01, FCC Rule §54.307(b) defines working loops for competitive eligible telecommunications carriers as the number of working Exchange Line C&WF loops used jointly for exchange and message telecommunications service, including C&WF subscriber lines associated with pay telephones in C&WF Category I, but excluding WATS closed end access and TWX service. The Beneficiary interprets the term working loop to include any line from the moment the Beneficiary connects the line by assigning a particular telephone number to a specific customer until the Beneficiary disconnects the line and returns that telephone number to available inventory for assignment to a new customer. The Beneficiary has the right to place various limits upon the service in the 60 to 90 days preceding the disconnect date. During the 60 to 90 days preceding the disconnect date, the Beneficiary considers these lines as working loops and includes them in line counts submitted in accordance with FCC Rule §54.307. Line counts are used in the calculation of the Beneficiary's Universal Service Support, which totaled \$14,971,972 for the year ended June 30, 2008. We were unable to satisfy ourselves concerning the acceptability of the inclusion of lines 60 to 90 days preceding their disconnect date as the FCC Rules do not clearly indicate these lines would be considered other than working loops as described above.

[REDACTED]

This report is intended solely for the information and use of the Universal Service Administrative Company and the Federal Communications Commission, and is not intended to be and should not be used by anyone other than these specified parties.

INSERT DATE

cc: Management of the Beneficiary

CONFIDENTIAL

ATTACHMENT 29

Aug. 10, 2012 Letter - Att. 7 (pt. 2)

ATTACHMENT:
FINDING

Aug. 10, 2012 Letter - Att. 7 (pt. 2)

Detailed Information Relative to Material Noncompliance (Finding)

Finding No.	HC2008BE126_F01
Condition	<div style="background-color: black; width: 100%; height: 80px;"></div>
Criteria	<p>Federal Communications Commission (FCC) Rule §54.307(a) provides that a competitive eligible telecommunications carrier ("CETC") may receive universal service support to the extent that the competitive eligible telecommunications carrier captures the subscriber lines of an incumbent local exchange carrier (LEC) or serves new subscriber lines in the incumbent LEC's service area.</p> <p>Under FCC Rule §54.307(b), in order to receive support, a competitive eligible telecommunications carrier must report to the Administrator the number of working loops it serves in a service area pursuant to the schedule set forth in paragraph (c) of this section. <u>FCC Rule §54.307(b) defines working loops for CETC's as the number of working Exchange Line C&WF loops used jointly for exchange and message telecommunications service, including C&WF subscriber lines associated with pay telephones in C&WF Category 1, but excluding WATS, closed end access and TWX service.</u></p>
Effect	<div style="background-color: black; width: 100%; height: 30px;"></div>
Cause	<u>Apart from Section 54.307(b) of the FCC's Rules, no FCC rules, orders or decisions explicitly address the definition of CETC working loops for universal service support purposes.</u>
Monetary Impact on Support	<div style="background-color: black; width: 100%; height: 30px;"></div>
Recommendation	<u>The Beneficiary should seek guidance from the FCC on whether their policy, including the interpretation of a working loop is in keeping with the FCC Rules.</u>
Management Response	[Open for Management's Response]

Aug. 10, 2012 Letter - Att. 7 (pt. 2)

March 5, 2010

Deloitte & Touche LLP
1750 Tysons Boulevard
McLean, Virginia 22102

We are providing this letter in connection with your ~~engagement examination to examine~~ the compliance of Coral Wireless LLC d/b/a Mobile PCS (the "Beneficiary") regarding the Beneficiary's compliance, relative to Study Area Code No. 629002, with 47 C.F.R. Part 54, Subparts C and D of the Federal Communications Commission's ("FCC") Rules and related Orders ("Rules and Orders") governing Universal Service Support for the High Cost Program relative to disbursements of \$14,971,972 for telecommunication services made from the Universal Service Fund during the year ended June 30, 2008. Accordingly, we confirm the following:

- a. Management is responsible for complying, relative to Study Area Code No. 629002, with the FCC Rules and Orders governing Universal Service Support for the High Cost Program ("HCP").
- b. The Beneficiary is responsible for establishing and maintaining effective internal control over compliance with the FCC Rules and Orders.
- c. Management has performed an evaluation of the Beneficiary's compliance, relative to Study Area Code No. 629002, with the FCC Rules and Orders for the year ended June 30, 2008, and the Beneficiary ~~has believes that it has~~ complied with the FCC Rules and Orders for the year ended June 30, 2008; [REDACTED]

We confirm to the best of our knowledge and belief, the following representations made to you during your engagement:

1. [REDACTED]
2. We have made available all records and documentation related to compliance with the FCC Rules and Orders.
3. We have disclosed all communications from regulatory agencies, internal auditors, and others concerning possible noncompliance with the FCC Rules and Orders, including communications received subsequent to June 30, 2008.
4. We have no knowledge of any fraud or suspected fraud affecting the Beneficiary involving (1) management, (2) employees who have significant roles in internal control over compliance, or (3) others where the fraud could have a material effect on compliance with the FCC Rules and Orders.
5. There were no allegations of fraud or suspected fraud affecting the Beneficiary received in communications from employees, former employees, analysts, regulators, short sellers, or others that could have a material effect on compliance with the FCC Rules and Orders.
6. No instances of noncompliance with the FCC Rules and Orders occurred subsequent to June 30, 2008 and through the date of this letter.

Aug. 10, 2012 Letter - Att. 7 (pt. 2)

7. We used all of the \$14,971,972 in federal high cost support provided to the Beneficiary for the year ended June 30, 2008 solely for the provision, maintenance and upgrading of facilities and services for which support is intended.

7. —

[REDACTED]

[REDACTED]

Barry Rinaldo
Chief Financial Officer
On Behalf of Coral Wireless LLC

5/19/2011

CONFIDENTIAL
Mobi PCS Mail - Re: Coral - Status of M...

ATTACHMENT 31



Aug. 10, 2012 Letter - Att. 7 (pt. 2)

Peter Gose <peter.gose@mobipcs.com>

Re: Coral - Status of Management Response and Rep Letter

1 message

Peter Gose <peter.gose@mobipcs.com>

Thu, Mar 18, 2010 at 6:57 PM

To: "Smith, Krista McClintock (US - McLean)" <kmcclintock@deloitte.com>

Bcc: Barry Rinaldo <barry.rinaldo@mobipcs.com>, "Daubert, Todd" <TDaubert@kelleydrye.com>, Stephen Johnston <sjohnston@clrparkers.com>

Krista,

Please find attached the following two (2) documents:

1. Management representation letter signed by Barry Rinaldo, Mobi PCS CFO.
2. Management response to audit report.

If you have questions please advise.

Thank you.

Peter Gose
Director - Regulatory Affairs



Pacific Guardian Center - Makai Tower
733 Bishop St. Suite 1200
Honolulu, HI 96813
Direct Line 808.723.2072
Direct Fax 808.723.2172
peter.gose@mobipcs.com

— @ WiseStamp Signature. [Get it now](#)

On Thu, Mar 18, 2010 at 3:49 PM, Smith, Krista McClintock (US - McLean) <kmcclintock@deloitte.com> wrote:

Peter –

Would you please provide me with a status update?

Regards,

Krista

Krista M. Smith

5/19/2011

CONFIDENTIAL
Mobi PCS Mail - Re: Coral - Status of M...

ATTACHMENT 31

Assurance and Enterprise Risk Services
Deloitte & Touche LLP

Aug. 10, 2012 Letter - Att. 7 (pt. 2)

Tel: +1 703 251 1340
Fax: +1 703 332 7977
Mobile: + 1 973 978 8109
kmccintock@deloitte.com
www.deloitte.com

1750 Tysons Boulevard

Suite 800
McLean, VA 22102

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2 attachments

 **Deloitte Audit Report - Management Response - Final - 3-05-2010.pdf**
21K

 **Coral Wireless Management Representation Letter - Final - BRR Signature - 3-5-2010.pdf**
535K

Coral Wireless LLC dba

Aug. 10, 2012 Letter - Att. 7 (pt. 2)



March 5, 2010

Deloitte & Touche LLP
1750 Tysons Boulevard
McLean, Virginia 22102

We are providing this letter in connection with your engagement to examine the compliance of Coral Wireless LLC d/b/a Mobile PCS (the "Beneficiary") regarding the Beneficiary's compliance, relative to Study Area Code No. 629002, with 47 C.F.R. Part 54, Subparts C and D of the Federal Communications Commission's ("FCC") Rules and related Orders ("Rules and Orders") governing Universal Service Support for the High Cost Program relative to disbursements of \$14,971,972 for telecommunication services made from the Universal Service Fund during the year ended June 30, 2008. Accordingly, the Beneficiary confirms the following:

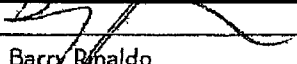
- a. Management is responsible for complying, relative to Study Area Code No. 629002, with the FCC Rules and Orders governing Universal Service Support for the High Cost Program ("HCP").
- b. The Beneficiary is responsible for establishing and maintaining effective internal control over compliance with the FCC Rules and Orders.
- c. Management has performed an evaluation of the Beneficiary's compliance, relative to Study Area Code No. 629002, with the FCC Rules and Orders for the year ended June 30, 2008, and the Beneficiary believes that it has fully complied with the FCC Rules and Orders for the year ended June 30, 2008.

The Beneficiary confirms to the best of its knowledge and belief, the following representations made to you during your engagement:

1. [REDACTED]
2. The Beneficiary has made available all records and documentation related to compliance with the FCC Rules and Orders.
3. The Beneficiary has disclosed all communications from regulatory agencies, internal auditors, and others concerning possible noncompliance with the FCC Rules and Orders, including communications received subsequent to June 30, 2008.

4. The Beneficiary has no knowledge of any fraud or suspected fraud affecting the Beneficiary involving (1) management, (2) employees who have significant roles in internal control over compliance, or (3) others where the fraud could have a material effect on compliance with the FCC Rules and Orders. Apr 18, 2012 Letter to the FCC (pt. 2)
5. There were no allegations of fraud or suspected fraud affecting the Beneficiary received in communications from employees, former employees, analysts, regulators, short sellers, or others that could have a material effect on compliance with the FCC Rules and Orders.
6. No instances of noncompliance with the FCC Rules and Orders occurred subsequent to June 30, 2008 and through the date of this letter.
7. The Beneficiary used all of the \$14,971,972 in federal high cost support provided to the Beneficiary for the year ended June 30, 2008 solely for the provision, maintenance and upgrading of facilities and services for which support is intended.

8. 


Barry Rinaldo
Chief Financial Officer
On Behalf of Coral Wireless LLC

Aug. 10, 2012 Letter - Att. 7 (pt. 2)

***Universal Service
Administrative Company
High Cost Support
Mechanism***

*Independent Accountants' Report on Compliance
Relating to High Cost Support Received by Coral
Wireless LLC d/b/a Mobi PCS (HC-2008-126) for the
Year Ended June 30, 2008*

Aug. 10, 2012 Letter - Att 7 (pt. 2)

INDEPENDENT ACCOUNTANTS' REPORT

Universal Service Administrative Company
Federal Communications Commission

We were engaged to examine the compliance of Coral Wireless LLC d/b/a Mobi PCS (Beneficiary), relative to Study Area Code No. 629002, with 47 C.F.R. Part 54, Subparts C and D of the Federal Communications Commission's ("FCC") Rules and related Orders governing Universal Service Support for the High Cost Program ("HCP") relative to disbursements of \$14,971,972 for telecommunication services made from the Universal Service Fund during the year ended June 30, 2008. Management of the Beneficiary is responsible for the Beneficiary's compliance with those requirements.

As discussed in Finding HC2008BE126_F01, FCC Rule §54.307(b) defines working loops for competitive eligible telecommunications carriers as the number of working Exchange Line C&WF loops used jointly for exchange and message telecommunications service, including C&WF subscriber lines associated with pay telephones in C&WF Category 1, but excluding WATS closed end access and TWX service. The Beneficiary interprets the term working loop to include any line from the moment the Beneficiary connects the line by assigning a particular telephone number to a specific customer until the Beneficiary disconnects the line and returns that telephone number to available inventory for assignment to a new customer. The Beneficiary has the right to place various limits upon the service in the 60 to 90 days preceding the disconnect date. During the 60 to 90 days preceding the disconnect date, the Beneficiary considers these lines as working loops and includes them in line counts submitted in accordance with FCC Rule §54.307. Line counts are used in the calculation of the Beneficiary's Universal Service Support, which totaled \$14,971,972 for the year ended June 30, 2008. We were unable to satisfy ourselves concerning the acceptability of the inclusion of lines 60 to 90 days preceding their disconnect date as the FCC Rules do not clearly indicate these lines would be considered other than working loops as described above.

[REDACTED]

This report is intended solely for the information and use of the Universal Service Administrative Company and the Federal Communications Commission, and is not intended to be and should not be used by anyone other than these specified parties.

INSERT DATE

cc: Management of the Beneficiary

CONFIDENTIAL

ATTACHMENT 33

Aug. 10, 2012 Letter - Att. 7 (pt. 2)

ATTACHMENT:
FINDING

Aug. 10, 2012 Letter - Att. 7 (pt. 2)

Detailed Information Relative to Material Noncompliance (Finding)

Finding No.	HC2008BE126_F01
Condition	<div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div>
Criteria	<p>Federal Communications Commission (FCC) Rule §54.307(a) provides that a competitive eligible telecommunications carrier ("CETC") may receive universal service support to the extent that the competitive eligible telecommunications carrier captures the subscriber lines of an incumbent local exchange carrier (LEC) or serves new subscriber lines in the incumbent LEC's service area.</p> <p>Under FCC Rule §54.307(b), in order to receive support, a competitive eligible telecommunications carrier must report to the Administrator the number of working loops it serves in a service area pursuant to the schedule set forth in paragraph (c) of this section. FCC Rule §54.307(b) defines working loops for CETC's as the number of working Exchange Line C&WF loops used jointly for exchange and message telecommunications service, including C&WF subscriber lines associated with pay telephones in C&WF Category 1, but excluding WATS closed end access and TWX service.</p>
Effect	<div>[REDACTED]</div>
Cause	<div>[REDACTED]</div>
Monetary Impact on Support	<div>[REDACTED]</div>
Recommendation	The Beneficiary should seek guidance from the FCC on whether their policy, including the interpretation of a working loop is in keeping with the FCC Rules.
Management Response	Coral Wireless, LLC, d/b/a Mobi PCS ("Coral"), hereby responds to the Independent Accountants' ("Deloitte") Report on Compliance Relating to High Cost Support Received by Coral Wireless LLC d/b/a Mobi PCS (HC-2008-126) for the Year Ended June 30, 2008 (the "Report"). Coral provides pre-paid mobile services. Apart from Section 54.307(c) of the FCC's Rules, no FCC rules, orders

Aug. 10, 2012 Letter - Att. 7 (pt. 2)

or decisions explicitly address the definition of competitive eligible telecommunications carrier ("CETC") "working loops" for universal service support purposes. Indeed, on October 27, 2003, the FCC denied a petition filed by the Personal Communications Industry Association ("PCIA") requesting clarification of the definition of "working loops" as applied to wireless CETCs on the grounds that

[t]he issues raised by PCIA are within the scope of the separate proceeding to comprehensively reexamine the Commission's rules governing portability of high-cost support, which is currently before the Joint Board. *We emphasize that our denial of PCIA's petition here does not in any way prejudice what action we ultimately may take in the portability proceeding.*

Federal-State Joint Board on Universal Service, 18 FCC Rcd 22559, 22639 (2003) (emphasis added); see also Petition for Reconsideration and/or Clarification of the Personal Communications Industry Association, CC Docket No. 96-45 (filed Jan. 3, 2000) at 5 ("PCIA requests that the Commission clarify or, as necessary, reconsider this requirement with respect to wireless carriers and find that a "working loop" for a wireless carrier is designated by a working phone number."). The Commission has yet to take any action in the portability proceeding, and thus any clarification of Section 54.307(c) of the FCC's rules by the Commission would have to apply on a prospective basis only. In light of the Commission's pending consideration of the clarification of the definition of "Working Loop" as applied to wireless CETCs, Coral interprets the term "Working Loop" to include any line from the moment Coral connects the line by assigning a particular telephone number to, or porting in a particular telephone number on behalf of, a specific customer until Coral disconnects the line and returns that telephone number to Coral's available inventory for assignment to a new customer on a first come, first served basis or releases it to the carrier from which it was ported in to Coral on behalf of the former customer (Coral does not hold telephone numbers on reserve for customers in anticipation of the establishment of an account or on a seasonal basis). Coral determines the date upon which a customer's line will be disconnected pursuant to its disconnection policy. As a provider of pre-paid mobile services, a customer can purchase more pre-paid services at any time until the customer's line is disconnected pursuant to the disconnection policy. As such, until the day of disconnection pursuant to the disconnection policy, it is impossible to know whether a customer's line will be disconnected or not. Therefore, Coral's interpretation of Section 54.307(c) of the FCC's rules is reasonable and consistent with FCC precedent.




April 21, 2011

Mr. Barry Rinaldo
Coral Wireless d/b/a Mobi PCS
Chief Financial Officer
733 Bishop St., Suite 1200
Honolulu, HI 96813

Re: Coral Wireless d/b/a Mobi PCS Report HC-2008-126

Dear Mr. Rinaldo:

The Universal Service Administrative Company (USAC) at the direction of the Federal Communication Commission (FCC or Commission) Office of Inspector General (OIG), previously engaged the services of the independent accounting firm of Deloitte & Touché, LLP (Firm) to perform an examination and provide an opinion concerning Coral Wireless d/b/a Mobi PCS's (Coral Wireless) compliance with 47 C.F.R. Part 54, relevant sections of 47 C.F.R. Parts 32, 36, 64, and 69, and relevant Commission orders (collectively, the Rules) and to assist in fulfilling FCC requirements related to the Improper Payment Information Act (IPIA)¹ relative to specific study area High Cost Program (HCP) support disbursements made by USAC during the period July 1, 2006 through June 30, 2007 (Audit Period).

A large rectangular area of the document has been completely redacted with black ink, obscuring several lines of text.

The USAC Internal Audit Division (IAD) reviewed the audit work papers and supporting documentation completed by the Firm, including the working loop audit finding noted by the Firm. IAD determined that the Firm has obtained adequate documentation to support the working loop finding.

IAD would like to extend the opportunity for Coral Wireless to review the Firm's updated finding and Coral Wireless' original response. Please see the enclosure. If Coral Wireless would like to provide additional documentation or update its response, please provide such information by **May 6, 2011**.

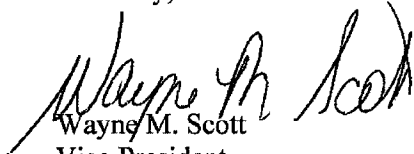
If there are any matters or issues that you would like to make us aware of, or if you have any questions or concerns, please feel free to contact Teleshia Delmar or myself at 202-776-0200.

¹ See 31 U.S.C. § 3122; Public Law 107-300, Stat. 2350, November 26, 2002.



Thanking you in advance for your full cooperation.

Sincerely,


Wayne M. Scott
Vice President
Internal Audit Division

disconnects the line and returns that telephone number to available inventory for assignment to a new customer. The Beneficiary determines the date upon which a customer's line will be disconnected pursuant to its disconnection policy.

[REDACTED]

[REDACTED]

[REDACTED] in accordance with Federal Communications Commission ("FCC") Rule §54.307.

**Monetary Impact
on Support**

[REDACTED]

Beneficiary Response

Coral Wireless, LLC, d/b/a Mobi PCS ("Coral"), hereby responds to the Independent Accountants' ("Deloitte") Report on Compliance Relating to High Cost Support Received by Coral Wireless LLC d/b/a Mobi PCS (HC-2008-126) for the Year Ended June 30, 2008 (the "Report"). Coral provides pre-paid mobile services. Apart from Section 54.307(c) of the FCC's Rules, no FCC rules, orders or decisions explicitly address the definition of competitive eligible telecommunications carrier ("CETC") "working loops" for universal service support purposes. Indeed, on October 27, 2003, the FCC denied a petition filed by the Personal Communications Industry Association ("PCIA") requesting clarification of the definition of "working loops" as applied to wireless CETCs on the grounds that

[t]he issues raised by PCIA are within the scope of the separate proceeding to comprehensively reexamine the Commission's rules governing portability of high-cost support, which is currently before the Joint Board. *We emphasize that our denial of PCIA's petition here does not in any way prejudice what action we ultimately may take in the portability proceeding.*

Federal-State Joint Board on Universal Service, 18 FCC Rcd 22559, 22639 (2003) (emphasis added); *see also* Petition for Reconsideration and/or Clarification of the Personal Communications Industry Association, CC Docket No. 96-45 (filed Jan. 3, 2000) at 5 ("PCIA requests that the Commission clarify or, as necessary, reconsider this requirement with respect to wireless carriers and find that a "working loop" for a wireless carrier is designated by a working phone number."). The Commission has yet to take any action in the portability proceeding, and thus any clarification of Section 54.307(c) of the



FCC's rules by the Commission would have to apply on a prospective basis only. In light of the Commission's pending consideration of the clarification of the definition of "Working Loop" as applied to wireless CETCs, Coral interprets the term "Working Loop" to include any line from the moment Coral connects the line by assigning a particular telephone number to, or porting in a particular telephone number on behalf of, a specific customer until Coral disconnects the line and returns that telephone number to Coral's available inventory for assignment to a new customer on a first come, first served basis or releases it to the carrier from which it was ported in to Coral on behalf of the former customer (Coral does not hold telephone numbers on reserve for customers in anticipation of the establishment of an account or on a seasonal basis). Coral determines the date upon which a customer's line will be disconnected pursuant to its disconnection policy. As a provider of pre-paid mobile services, a customer can purchase more pre-paid services at any time until the customer's line is disconnected pursuant to the disconnection policy. As such, until the day of disconnection pursuant to the disconnection policy, it is impossible to know whether a customer's line will be disconnected or not. Therefore, Coral's interpretation of Section 54.307(c) of the FCC's rules is reasonable and consistent with FCC precedent.

If Coral Wireless does not respond to this letter with additional documentation or an updated response by **May 6, 2011**, IAD will submit the Firm's finding and Coral Wireless' original response (as noted above) to USAC management to determine what action, if any, is required. If USAC Management determines that corrective action is necessary, they will be in contact with you.



Scope of Work

The audit procedures consisted of the following:

- Identify the number of lines reported as working loops during the 60-90 day period preceding the disconnect date which were included in the line count filings as of September 30, 2006 and December 31, 2006.
- Quantify the number of lines reported as working loops during the 60-90 day period preceding the disconnect date that were included in the September 30, 2006 and December 31, 2006 filings where the phone numbers were returned to inventory, and service was not reactivated.
- Report the results of findings.

Audit Results

Background

In the attestation engagement report dated March 10, 2010, the Firm reported that the Coral Wireless (the Beneficiary) interprets the term "Working Loop" to include any line from the moment the Beneficiary connects the line by assigning a particular telephone number to a specific customer until the Beneficiary disconnects the line and returns that telephone number to available inventory for assignment to a new customer.

[REDACTED]

The lines do not appear to meet the definition of a working loop as the service is prepaid, meaning that the line is not revenue producing, and was not active as of September 30, 2006.

The finding provided below is similar to the finding noted in the original audit (HC-2008-126) with additional details provided.

Condition

The Beneficiary provides wireless services on a month-to-month basis where the services are paid in advance. Revenues from wireless services are recognized as services are rendered. Amounts received in advance are recorded as deferred revenue and are recognized on a straight-line basis

over the period of service.

The Beneficiary interprets the term "Working Loop" to include any line from the moment the Beneficiary connects the line by assigning a particular telephone number to a specific customer until the Beneficiary disconnects the line and returns that telephone number to available inventory for assignment to a new customer. The Beneficiary determines the date upon which a customer's line will be disconnected pursuant to its disconnection policy.



Criteria

In the Glossary to 47 CFR Part 36, a working loop is defined as a revenue producing pair of wires, or its equivalent, between a customer's station and the central office from which the station is served.

Federal Communications Commission (FCC) Rule §54.307(a) provides that a competitive eligible telecommunications carrier ("CETC") may receive universal service support to the extent that the competitive eligible telecommunications carrier captures the subscriber lines of an incumbent local exchange carrier (LEC) or serves new subscriber lines in the incumbent LEC's service area.

Under FCC Rule §54.307(b), in order to receive support, a competitive eligible telecommunications carrier must report to the Administrator the number of **working loops** it serves in a service area pursuant to the schedule set forth in paragraph (c) of this section. FCC Rule §54.307(b) defines working loops for CETC's as the number of working Exchange Line C&WF loops used jointly for exchange and message telecommunications service, including C&WF subscriber lines associated with pay telephones in C&WF Category 1, but excluding WATS closed end access and TWX service.

Effect

The Beneficiary provides wireless services on a month-to-month basis where the services are paid in advance. As the wireless service is prepaid, the line ceases to be revenue producing at the end of the prepaid period, and thus should not be included in the filings.

Cause

The Beneficiary interprets the term "Working Loop" to include any line from the moment the Beneficiary connects the line by assigning a particular telephone number to a specific customer until the Beneficiary